

108TH CONGRESS  
1ST SESSION

# H. R. 314

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IN THE SENATE OF THE UNITED STATES

MARCH 20, 2003

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To amend the Fair Debt Collection Practices Act to exempt mortgage servicers from certain requirements of the Act with respect to federally related mortgage loans secured by a first lien, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Mortgage Servicing  
3 Clarification Act”.

4 **SEC. 2. MORTGAGE SERVICING CLARIFICATION.**

5 (a) IN GENERAL.—The Fair Debt Collection Prac-  
6 tices Act (15 U.S.C. 1692 et seq.) is amended—

7 (1) by redesignating section 818 as section 819;  
8 and

9 (2) by inserting after section 817 the following  
10 new section:

11 **“§ 818. Mortgage servicer exemption**

12 “(a) EXEMPTION.—A covered mortgage servicer who,  
13 whether by assignment, sale or transfer, becomes the per-  
14 son responsible for servicing federally related mortgage  
15 loans secured by first liens that include loans that were  
16 in default at the time such person became responsible for  
17 the servicing of such federally related mortgage loans shall  
18 be exempt from the requirements of section 807(11) in  
19 connection with the collection of any debt arising from  
20 such defaulted federally related mortgage loans.

21 “(b) DEFINITIONS.—For purposes of this section, the  
22 following definitions shall apply:

23 “(1) COVERED MORTGAGE SERVICER.—The  
24 term ‘covered mortgage servicer’ means any servicer  
25 of federally related mortgage loans secured by  
26 first liens—

1 “(A) who is also debt collector; and

2 “(B) for whom the collection of delinquent  
3 debts is incidental to the servicer’s primary  
4 function of servicing current federally related  
5 mortgagee loans.

6 “(2) FEDERALLY RELATED MORTGAGE LOAN.—

7 The term ‘federally related mortgage loan’ has the  
8 meaning given to such term in section 3(1) of the  
9 Real Estate Settlement Procedures Act of 1974, ex-  
10 cept that, for purposes of this section, such term in-  
11 cludes only loans secured by first liens.

12 “(3) PERSON.—The term ‘person’ has the  
13 meaning given to such term in section 3(5) of the  
14 Real Estate Settlement Procedures Act of 1974.

15 “(4) SERVICER; SERVICING.—The terms  
16 ‘servicer’ and ‘servicing’ have the meanings given to  
17 such terms in section 6(i) of the Real Estate Settle-  
18 ment Procedures Act of 1974.”.

19 (b) CLERICAL AMENDMENT.—The table of sections  
20 for the Fair Debt Collection Practices Act (15 U.S.C.  
21 1692 et seq.) is amended—

22 (1) by redesignating the item relating to section  
23 818 as section 819; and

1           (2) by inserting after the item relating to sec-  
2           tion 817 the following new item:

“818. Mortgage servicer exemption.”.

Passed the House of Representatives March 19,  
2003.

Attest:

JEFF TRANDAHL,

*Clerk.*